

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

GAIL SPICUZZA,

Plaintiff,

V.

LISS FINANCIAL SERVICES, et al,

Defendants.

CASE NO. C06-1244JLR

ORDER

This matter comes before the court *sua sponte* after review of a pleading filed on behalf of Plaintiff Gail Spicuzza titled “Application to Reconsider or Vacate Securities Arbitration Award” (Dkt # 3). The court has reviewed the pleadings and supporting documents and enters the following order to address improper actions and rule violations by Ms. Spicuzza’s non-lawyer representative, Mr. Robert Karoly.

I. ANALYSIS

A. Ms. Spicuzza May Not Be Represented by Mr. Karoly or Investor's Recovery Specialist.

In federal court, a plaintiff may represent herself or be represented by an attorney. Any person is entitled to represent herself in litigation, and Ms. Spicuzza is entitled to

ORDER - 1

1 represent herself in these proceedings. However, strict rules govern when one person can
2 represent *another* person.

3 Court rules require that the person providing legal representation must be an
4 attorney. One must, generally, have gone to law school, passed the bar exam, gained
5 admission to the bar association, and have been admitted to practice in the court where
6 the case is filed. In this district, the Local Rules also require that an attorney
7 representative first be admitted to practice in the Western District of Washington.
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9 **1. Mr. Karoly is Not a Lawyer and is Unlawfully Practicing Law in the
U.S. District Court for the Western District of Washington**

10 Mr. Karoly, the person purporting to represent the Plaintiff, is not a lawyer. His
11 corporate entity, “Investor’s Recovery Specialist,” is not a law firm. See Notice of
12 Application, Ex. 5 (Friedman Letter) (“We repeat, *we are not a law firm*. Investor’s
13 Recovery Specialist, Inc. is an arbitration management company. Investors come to us
14 rather than to law firms.”) (emphasis added).¹ By preparing and filing documents,
15 exhibits, and pleadings on behalf of Ms. Spicuzza, Mr. Karoly is practicing law in federal
16 court. A person who is not an attorney admitted to practice in the Western District of
17 Washington may not represent any person or corporate entity before this court. See C.E.
18 Pope Equity Trust v. United States, 818 F.2d 696, 697-698 (9th Cir. 1987). Mr. Karoly
19 exchanged correspondence with the Clerk’s Office, signed pleadings, signed the cover
20 sheet, and submitted a variety of other documents on behalf of Ms. Spicuzza.² All of this
21 was improper.
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25 ¹ In one attached filing Mr. Karoly notes his affiliation with certain law firms. His
26 affiliation with a law firm is of no consequence. It is only significant that he brought this suit on
behalf of Ms. Spicuzza without involving counsel.

27 ² The pleadings submitted by Mr. Karoly (on behalf of Ms. Spicuzza) demonstrate a
28 complete lack of comprehension for the relevant legal principles. Conduct like Mr. Karoly’s is
the reason that non-attorneys are prohibited from practicing before the court.

1 Put simply, there is no room in federal court for an “arbitration management
2 company” pretending to be a lawyer. Mr. Karoly is not an attorney and his activities are
3 absolutely prohibited. Mr. Karoly’s activities and filings in this case constitute the
4 unauthorized practice of law, which may constitute a misdemeanor or felony under
5 Washington law.³ Pursuant to Local Rules W.D. Wash. GR 2(a), only attorneys admitted
6 to practice in the Western District of Washington may practice before this court. Because
7 he is not an attorney and is not admitted to practice before this court, Mr. Karoly’s
8 actions constitute a violation of the Local Rules.

9 Mr. Karoly may not represent Ms. Spicuzza or Investor’s Recovery Specialist.
10 Ms. Spicuzza must obtain counsel or proceed as pro se litigant. Investor’s Recovery
11 Specialist is a corporate entity, not a law firm, and cannot represent anyone, including
12 itself or Ms. Spicuzza. See C.E. Pope Equity Trust, 818 F.2d at 697-698. If Investor’s
13 Recovery Specialist believes it has a role in these proceedings, it must obtain counsel. Id.
14 A corporation must be represented by counsel; Mr. Karoly will not be permitted to sign
15 any pleadings or filings on behalf of Investor’s Recovery Specialist.

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17 **2. Mr. Karoly Submitted Pleadings Which Do Not Comply with Federal
18 Rules and Those Pleadings are Stricken**

19 Rule 11(a) requires that pleadings be signed by at least one attorney. If the party
20 is not represented by an attorney, the pleading must be signed by the party. See Fed. R.
21 Civ. P. 11(a). Ms. Spicuzza did not sign any pleadings in this case. Mr. Karoly signed
22 the pleadings in this matter, but he has no authority to do so. The court therefore
23 STRIKES the pleadings filed thus far in the case which were signed only by Mr. Karoly

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26 ³ Mr. Karoly’s filings raises serious questions as to whether he has engaged in the
27 unauthorized practice of law. Washington provides criminal penalties for the unauthorized
28 practice of law: the “[u]nlawful practice of law is a crime. A single violation of this section is a
gross misdemeanor . . . Each subsequent violation of this section, whether alleged in the same or
in subsequent prosecutions, is a class C felony.” RCW 2.48.180(3).

1 (Dkt. ## 1, 2, 3). In future filings, Ms. Spicuzza or her new attorney may sign pleadings
2 on her behalf; Mr. Karoly may not.

3 If Investor's Recovery Specialist believes it is a proper plaintiff in this matter, then
4 its attorney may sign pleadings. The court will not accept filings signed by Mr. Karoly
5 on behalf of any party. Ms. Spicuzza may obtain counsel or represent herself as a pro se
6 litigant. However, Mr. Karoly's improper use of electronic signatures for Ms. Spicuzza's
7 pleadings forces the court to prevent further abuse of the electronic signature. Plaintiff's
8 right to use electronic signature for pleadings filed by Ms. Spicuzza is hereby revoked,
9 unless she obtains an attorney. Electronic signatures will not be permitted in this case
10 except for the signatures of attorneys admitted to practice in the Western District of
11 Washington.

12 **B. No Prejudice to Ms. Spicuzza**

13 This court's order addresses Mr. Karoly's improper conduct in connection with a
14 lawsuit filed on behalf of Ms. Spicuzza. The court does not hold Mr. Karoly's actions
15 against Ms. Spicuzza. It appears that Ms. Spicuzza had no awareness or understanding of
16 Mr. Karoly's improper conduct, and no awareness of his incompetence to litigate on her
17 behalf. It seems unlikely that Mr. Karoly informed Ms. Spicuzza that he would be
18 practicing law without a license on her behalf. The court's order is therefore without
19 prejudice to the merits of whatever claims Ms. Spicuzza may have against the named
20 Defendants.

21 The court urges Ms. Spicuzza to consider employing counsel to represent her as
22 she pursues these claims.

23 **II. CONCLUSION**

24 Mr. Robert Karoly is not a lawyer and is precluded from representing any person
25 or corporate entity in the Western District of Washington. The court STRIKES the
26 pleadings signed by Mr. Karoly (Dkt. ## 1, 2, 3). Ms. Spicuzza may re-file her complaint
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1 and civil cover sheet pro se or after obtaining counsel. Ms. Spicuzza must re-file within
2 20 days of this order of this matter will be dismissed without prejudice. Investor's
3 Recovery Specialist may join Ms. Spicuzza as a Plaintiff only after obtaining counsel,
4 and only after Ms. Spicuzza consents to its joinder in this action.

5 The court will not accept or consider any additional filings signed by Mr. Karoly
6 on behalf of Ms. Spicuzza or Investor's Recovery Specialist.

7 Dated this 15th of September, 2006.

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11 JAMES L. ROBART
12 United States District Judge
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